

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-01 H-01 INR-05 INT-05 L-02

LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01

SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 SWF-01 /093 W

----- 003162

R 271434Z NOV 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6082

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

C O N F I D E N T I A L LONDON 15551

E.O. 11652: GDS

TAGS: ENTRD, EEC, UK, GATT

SUBJECT: UK VIEWS ON THE EC COMMISSION'S PAPER ON THE
MTN

REF: USEC A-327

1. ON NOVEMBER 26 WE DISCUSSED THE EC COMMISSION'S
PROPOSED GUIDELINES FOR THE MTN (SEE REFERENCE) WITH
PETER GENT, ASSISTANT SECRETARY, DEPARTMENT OF TRADE.

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2. GENT SAID THAT THE PAPER HAS NOW GONE TO THE EC

PERMREPS, AFTER HAVING BEEN DISCUSSED LAST WEEK BY THE ARTICLE 113 COMMITTEE. HE EXPECTS THAT IT WILL GO TO THE COUNCIL -- PERHAPS A SPECIAL TRADE MINISTERS' COUNCIL -- JUST BEFORE CHRISTMAS.

3. THE FRENCH, GENT SAID, ARE ARGUING THAT THE COMMISSION PAPER IS TOO DETAILED, AND THAT A CONDENSED VERSION SHOULD BE PREPARED FOR ADOPTION BY THE MINISTERS. THE BRITISH BELIEVE THAT THE FRENCH ARE TRYING IN THIS WAY TO ELIMINATE VARIOUS NUANCES AND QUALIFYING PHRASES IN THE PAPER. THE BRITISH ARE RESISTING THIS PLOY, BUT ARE NOT SURE THEY WILL SUCCEED.

4. GENT MADE THE FOLLOWING POINTS ON THE SUBSTANCE OF THE COMMISSION'S PAPER: THE BRITISH REGARD TARIFF HARMONIZATION AS A REASONABLE OBJECTIVE. THEY BELIEVE THAT THE AVERAGE DEPTH OF TARIFF REDUCTIONS SHOULD RANGE FROM ONE-THIRD TO ONE-HALF, INSTEAD OF FROM ONE-FOURTH TO ONE-HALF AS THE COMMISSION HAS PROPOSED. THEY WELCOME THE COMMISSION'S PROVISION FOR TARIFF REDUCTIONS BELOW THE THRESHOLD "ON A SELECTIVE BASIS" BUT FEAR THAT THIS POINT MAY BE ONE OF THE ONES THAT WOULD BE DROPPED IF THE PAPER WERE CONDENSED.

5. ON NTBS, GENT SAID THAT THE UK SUPPORTS THE GENERAL COMMUNITY VIEW THAT PROSPECTS FOR LIMITING EXPORT SUBSIDIES WILL DEPEND ON US WILLINGNESS TO CONFORM TO GATT RULES ON COUNTERVAILING DUTIES AND ANTI-DUMPING. PROGRESS ON GOVERNMENT PROCUREMENT, HE SAID, IS LIKELY TO BE VERY SLOW. HE CITED THE PROBLEM OF THE US GOVERNMENT'S INABILITY TO MAKE COMMITMENTS THAT ARE BINDING ON STATE AND LOCAL GOVERNMENTS. (WE MENTIONED THE PROBLEMS THAT BRITISH GOVERNMENT PROCUREMENT PRACTICE HAS CAUSED FOR THE US.)

6. ON SUPPLY ACCESS, GENT SAID THAT IT MIGHT BE POSSIBLE TO ESTABLISH CONSULTATIVE PROCEDURES TO COVER MEASURES TAKEN BY GOVERNMENTS TO COPE WITH SHORT-TERM SUPPLY PROBLEMS. IT IS MORE DIFFICULT TO SEE WHAT

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GATT CAN DO ABOUT PROBLEMS LIKE OPEC, OR ABOUT COUNTRIES THAT DECIDE TO CONSERVE PRIMARY PRODUCTS FOR LONG-TERM DEVELOPMENT REASONS.

7. WITH REGARD TO AGRICULTURE, GENT SAID THAT DIFFERENCES AMONG THE MEMBER STATES OVER THE RELATIVE MERITS OF COMMODITY AGREEMENTS ARE BECOMING LESS "THEOLOGICAL." THE BRITISH ARE PREPARED TO CONSIDER ARRANGEMENTS FOR

STOCK MANAGEMENT OR EVEN PRICE STABILIZATION, BUT
BELIEVE THEY MUST BE FLEXIBLE IN ORDER TO ENSURE THAT
THEY WORK. THE UK IS PARTICULARLY INTERESTED IN "JOINT
DISCIPLINE" BETWEEN AGRICULTURAL IMPORTERS AND EXPORTS.
THE FRENCH, GENT SAID, WOULD JUST AS SOON SEE THIS
CONCEPT DROPPED FROM THE COMMISSION'S PAPER.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, MULTINATIONAL CORPORATIONS, NEGOTIATIONS, RELATIONS WITH REGIONAL ORGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON15551
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740345-0146
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974118/aaaaagjn.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: USEC A-327
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2002 by shawdg>; APPROVED <14-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UK VIEWS ON THE EC COMMISSION'S PAPER ON THE MTN
TAGS: ETRD, UK, EEC, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005